DEPARTMENT OF TRANSPORTATION AND WORKS

ANNUAL REPORT 2006-07

Newfoundland Labrador

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MESSAGE FROM THE MINISTER

In accordance with the Government's commitment to accountability, this annual report outlines the results achieved by the Department of Transportation and Works for the 2006-07 fiscal year. As Minister, I am accountable for the preparation of this report and the achievement of the results contained herein.

During 2006-07, $114 million was spent on construction of new roads and management of road improvement projects. This included $66 million for the Provincial Roads Improvement Program, $24 million for the Canadian Strategic Infrastructure Fund, and $24 million for the Trans Labrador Highway. I am delighted to say that the Provincial Roads Improvement Program has doubled in value from 2004-05, once again showing Government is committed to quality infrastructure.

To ensure proper upkeep of the province's roads, Government invested $10.5 million to purchase new light and heavy equipment vehicles, and has also committed to invest $45 million annually on summer and winter maintenance (snow-clearing and ice control). In addition, 53 new pieces of heavy equipment were purchased, facilitating the removal of 47 pieces of older equipment from the fleet. This will allow us to save money on replacement parts for older and less efficient equipment and provide a more efficient snow clearing service to the residents of this province.

This year, my Department also managed the design and construction of government facilities valued at nearly $34 million. One such building is the new depot at Chateau Pond on the south coast of Labrador. This new facility will result in a more effective snow-clearing effort.

I am also happy to announce that Government is making progress with a Vessel Replacement Strategy by moving forward with the design and construction of two new ferry vessels. As well, on March 17 2006, Government announced that it would be aligning passenger and vehicle-plus-driver fares on provincial ferries with road equivalency costs, effective April 1, 2007.

As this brief review indicates, we've had an exciting and prolific year. We have seen significant improvements to all types of infrastructure; to a level which will foster business growth and competitiveness.

John Hickey
Minister of Transportation and Works

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DEPARTMENTAL OVERVIEW

VISION

The vision of the Department of Transportation and Works is of a sustainable public works and transportation infrastructure that meets the economic and social needs of the province.

MISSION

Transportation and Works will have improved the transportation and public works infrastructure and services to meet the economic and social requirements of Newfoundland and Labrador by 2011.

MANDATE

The mandate of the Department of Transportation and Works is derived from the *Executive Council Act* and includes responsibly for the administration, supervision, control, regulation, management and direction of all matters relating to transportation and public works, including:

- Design, construction, improvement, repair and maintenance of highways, local roads, airstrips, ferry landings and related facilities;
- Acquisition, use, maintenance and operation of ferries under ownership, charter or administration;
- Acquisition, use, maintenance and operation of provincial air ambulance, water bomber and other aircraft and services under ownership, charter or administration;
- Property that belongs to or is held or occupied by the Crown, and the works and properties acquired, constructed, extended, enlarged, repaired or improved at the expense of the province, or for the acquisition, construction, extension, enlargement, repair or improvement of which public funds are voted and appropriated by the Legislature, other than property and works assigned to another minister or department of the government of the province;
- Property management including the design, construction, repair, maintenance, heating, lighting, cleaning, phone, mail and security of buildings that belong to or are held or occupied by the Crown and grounds that belong to those buildings;
- The leasing of real property by the Crown and related activities;
- The disposition of surplus real property; and,

- The administration of Acts under the responsibility of the Department and of all orders and regulations passed or made under those Acts, including those powers, functions or duties necessary or desirable for carrying out the purpose of those Acts.

Lines of Business

In delivering its mandate, the Department of Transportation and Works provides the following lines of business to its primary clients:

Transportation

Provision and/or management of transportation infrastructure and services for the province, including:

- Provincial Roads,
- Provincial Marine Passenger and Freight Services,
- Provincial Airstrips, and
- Air Ambulance and Waterbomber Services.

Public Works

Provision and/or management of:

- Facility/building infrastructure for Government and select agencies,
- Building security, and
- Government phone and mail services.

Our Valued Employees

The Department of Transportation and Works has the largest number of employees within any government department. As of March 31, 2007, the Department had a just over 1,700 employees. Employees of the Department of Transportation and Works are located throughout the province.

Employees as of March 31, 2007

1,740 in total (1,547 male; 193 female)

- 993 permanent (851 male; 142 female)
- 433 temporary (393 male; 40 female)
- 314 seasonal (303 male; 11 female)

Location:

- 437 Provincial headquarters (358 male; 79 female)
- 145 Avalon Works (134 male; 11 female)
- 244 Avalon Transportation (225 male; 19 female)
- 212 Eastern Transportation (194 male; 18 female)
- 57 Central Works (50 male; 7 female)
- 219 Central Transportation (196 male; 23 female)
- 297 Western Transportation (280 male; 17 female)
- 52 Western Works (44 male; 8 female)
- 77 Labrador Transportation and Works (66 male; 11 female)

The provincial headquarters at the Confederation Complex is responsible for policy and planning, project management and design, strategic operational management, and corporate administrative services. The seven regional offices throughout the province provide construction, maintenance and operational services while the depots provide direct services such as snow clearing and road maintenance. The Regional Offices operate 32 depots year-round and an additional 23 in the winter in 55 communities throughout the province.

The primary clients of the Department of Transportation and Works include road users; provincial ferry users; shippers; carriers and transport workers; all provincial government departments and their related boards and agencies; municipal governments; the construction industry; service contractors and suppliers; ferry owners/operators; and consultants.

Departmental Structure and Key Responsibilities

The Department of Transportation and Works is divided into three branches: Transportation, Works, and Strategic and Corporate Services.

Transportation

Provision and maintenance of a road transportation system that includes:

- Summer and winter maintenance (snow-clearing and ice control) of over 9,400 kilometres of primary and secondary highways and community access roads;
- Construction of new roads and management of road improvement projects with expenditures of $114 million for 2006-07 ($102.5 million provincial funding and $11.5 million federal funding);
- Operation and maintenance of eight aircraft for air ambulance and water bomber services;

- Management of 16 ferry services for marine operations throughout the province, involving 11 government-owned and eight contracted vessels, providing service to approximately 8,100 residents around the island portion of the province and 26,700 residents throughout Labrador;
- Management of a fleet of 2,755 vehicles comprised of 989 light vehicles, 603 pieces of heavy equipment, and 1,132 other utility vehicles; and,
- Provision of up-to-date images of driving conditions from ten camera locations throughout the province (www.roads.gov.nl.ca/cameras/default.stm)

Works

- Management and maintenance of approximately 636,300 square metres of floor space in approximately 850 government-owned buildings and properties;
- Construction of new buildings and management of other capital projects for government departments and government-funded bodies with expenditures of $33.9 million during 2006-07;
- Provision of space for government departments in government-owned buildings and leased accommodations;
- Acquisition of land on behalf of government departments and agencies for various projects and public works;
- Disposition of surplus provincial assets and real property with property sales during 2006-07 realizing a gross revenue of approximately $490,300;
- Provision of centralized mail and messenger services for Government; and,
- Provision of telecommunications services to all government departments.

Transportation & Works Employees Receiving CPR Training

Strategic and Corporate Services

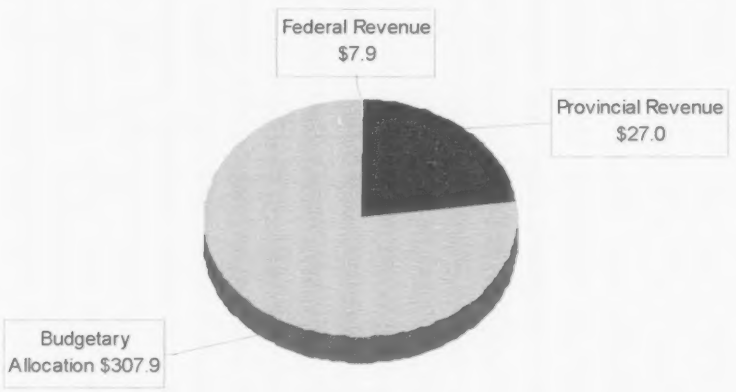
- Provision of financial services for the Department;
- Provision of human resources services for the Department;
- Provision of environmental services for all government buildings and transportation infrastructure; and,
- Provision of policy and planning services for the Department.

Northwest River

REVENUES AND EXPENDITURES FOR 2006-07

Where the Money Came From ($ Million)

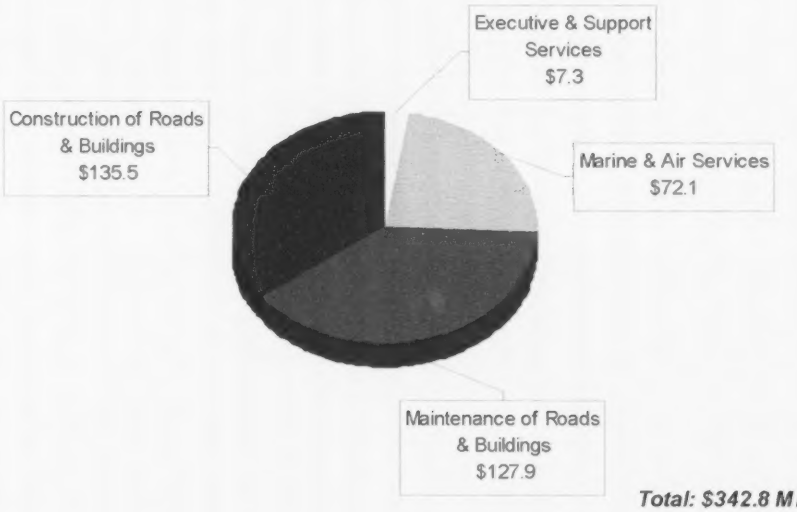
2006-07



Total: $342.8 Million

How the Money Was Spent ($ Million)

Gross Expenditures 2006-07

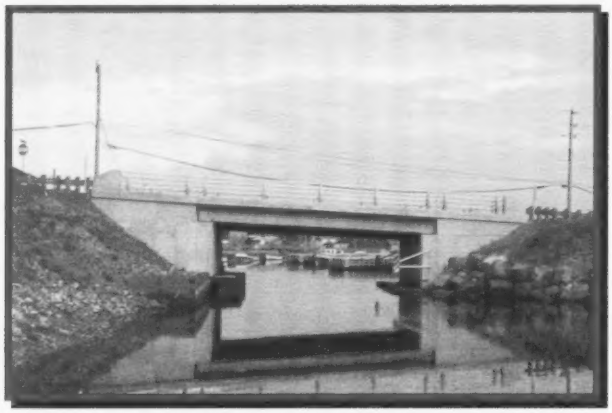


Total: $342.8 Million

SHARED COMMITMENTS

A Commitment to the People of the Province

The Department of Transportation and Works is committed to providing the people of the province with a safe and reliable transportation system that contributes to their economic and social needs. It is through this commitment that we work with key stakeholders at the regional and community level, including municipalities, to determine how we can best meet their needs within our current fiscal realities. It is through sound infrastructure and fiscal management that we will be successful in sustaining our transportation and public works infrastructure for future generations.



Walkham's Bridge, Bonavista

Other Provincial Government Departments

The Works Branch of the Department of Transportation and Works provides support to all government departments and agencies. As the landlord for government-owned buildings and properties, the Department works with its partners across Government to ensure that their accommodation needs are addressed in an efficient and cost-effective manner. The Department is also responsible for leased accommodations, the provision of mail and messenger services and telecommunications services for all other government departments. As such, open communication with all departments is key to best meeting everyone's needs.

Additionally, the Department of Transportation and Works provides engineering, design and project management services for the construction of buildings for other provincial government departments and their boards/agencies. Over the past year this has included facilities such as courthouses, long-term care facilities, schools and college campuses to name a few.

In the case of the entities such as Regional Health Authorities and School Boards, the Department carries out project design and construction management support activities and coordinates with respective departments and agencies from the design stage to completion of construction; at which time the facilities are turned over to the respective Authority/Board. In the case of health care facilities, if a facility is no longer required for its intended purpose, the Health Authority generally turns the facility over to the Department of Transportation and Works for reuse, disposal or demolition.

During this past year, the Department of Transportation and Works worked closely with the Department of Labrador and Aboriginal Affairs during the process of developing the *Northern Strategic Plan for Labrador*. By working together, the two departments ensured that transportation issues heard from residents during the Northern Strategic Plan Consultations were also taken into account during the planning stages of the development of a Sustainable Transportation Plan for Labrador.

Federal, Provincial and Territorial (FPT) Partners

The Department also works closely with its colleagues in other provinces and territories, as well with federal officials, on shared issues and concerns. The Department participates in a number of federal-provincial-territorial forums in the areas of transportation and public works; including participating in Annual Federal-Provincial-Territorial Ministers and Deputy Ministers Meetings and follow-up work with federal-provincial-territorial officials to share ideas and research, as well as develop policy directions.

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HIGHLIGHTS AND ACCOMPLISHMENTS

In addition to the Department's accomplishments on it's strategic issues outlined in the next section, over the past year the Department has worked on a number of operational issues in order to more effectively carry out its mandate. These include: the Trans Labrador Highway, improvements to marine services, a review of Government's fleet of light vehicles, and acquisition of a Capital Asset Management System for government buildings.

TRANS LABRADOR HIGHWAY

The Government of Newfoundland and Labrador is committed to the completion of Phase III of the Trans Labrador Highway and during 2006-07 was successful in completing another 51 kilometres. This brings us to a total of 121 of the 280 kilometers to be completed on Phase III.

The new Chateau Pond Depot completed this year, at the half-way point in the Red Bay-Lodge Bay area, provides for increased snow-clearing efforts on this section of the Trans Labrador Highway. It is anticipated that this overall increase in resources will enable the Department to keep this section of the road open more than in past years.

New Chateau Pond Depot, Southern Labrador

IMPROVEMENTS TO MARINE SERVICES

Government is committed to replacing its aging ferry fleet. However, this will take some time and maintenance of our current fleet remains a priority. This year, we invested $7.6 million for vessel refits; $6.6 million for those servicing the island portion of the province and $1 million for those servicing Labrador. An additional $3.4 million was invested in terminal and wharf maintenance and $759,000 was invested to extend the Ferry Service on the Labrador Straits, between Blanc Sablon and St. Barbe, by one month.

Government's Fleet of Light Vehicles

To ensure Government is able to efficiently deliver its programs and services an Interdepartmental Committee completed the development of a Draft Light Vehicle Fleet Policy and Procedures Manual this year.

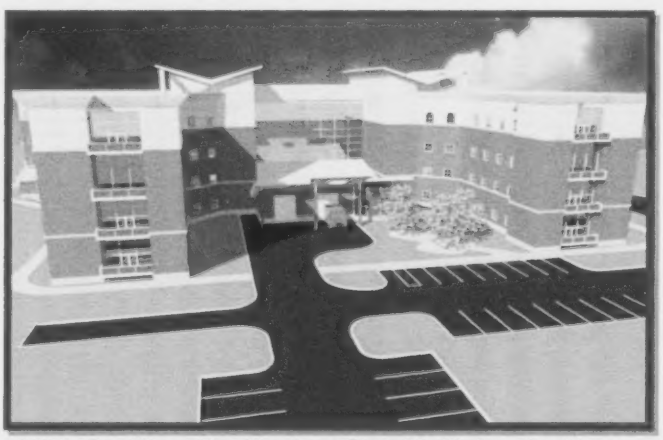
Capital Asset Management System

Implementation of this system, directed towards improved maintenance and capital renewal of government buildings, continued during 2006-07. The selected vendor installed the computer software, ran computer models of a select set of government buildings, trained key departmental staff on the system, and prepared the system to accept operational data.

Environmental Accomplishments

In conjunction with Government's focus on infrastructure and environmental issues, Transportation and Works focused the design of new facilities to be more environmentally friendly and energy efficient. The new Long-Term Care Facility for Corner Brook is the first public building designed to the Leadership in Energy and Environmental Design Silver Standard. Its design incorporates a ground source heat pump and a reed bed sewerage treatment system to treat grey water, as well as other green features including porous concrete in the parking areas.

The Department's Works Design and Construction Division received the Professional Engineers and Geoscientists Association's 2007 Environmental Award for the Leadership in Energy and Environmental Design for this facility. This award recognizes the application of science, technology and engineering to human and resource environmental management in the province.



Artist's Rendition of the New Long-Term Health Care Facility in Corner Brook

OUTCOMES OF OBJECTIVES

In keeping with Government's strategic directions and the mandate and financial resources of the Department of Transportation and Works, the Department has worked toward addressing five key strategic issues over the past year:

- Improved space utilization
- Improved transportation infrastructure
- Modernization of the heavy equipment fleet
- Vessel replacement, and
- Long-term multi-modal transportation policies for the province.

1. IMPROVED SPACE UTILIZATION

On behalf of Government, the Department of Transportation and Works manages and maintains approximately 636,300 square metres of floor space in approximately 850 government-owned buildings and properties. The Department is also responsible for the provision of space for government departments in leased accommodations in approximately 200 locations comprising 69,378 square meters at an annual cost of just over $11 million. To ensure the space is being utilized and tax dollars are being put to best use, Government has committed to reviewing all government-owned and leased space with an objective of rationalizing space requirements. Similarly, all vacant government-owned assets will be reviewed to determine if they should be reused or sold.

Goal 1.1: ***By 2008, the Department of Transportation and Works will have reduced the amount of vacant government buildings.***

Objective 1.1.1:
By March 31, 2007 the Department of Transportation and Works will have initiated action to demolish, dispose, or reuse select vacant government buildings.

Measure: Initiated Action

Indicator: Amount of select vacant government properties are reused, disposed or demolished (*measured in square meters*)

In order to meet our objective for 2006-07, over the past year the Department has achieved the following accomplishments:

- Nearly 7,800 square meters of surplus buildings were demolished this year. Including the Harbour Breton Cottage Hospital, Building 812 in Pleasantville, the old Fogo Hospital, and the old Forestry Building in Pynn's Brook.

- An additional 5,333 square meters of surplus buildings were sold. Including: the Former Children's Rehabilitation Building in St. John's, the Main Building at the former Boy's Home in Whitbourne, and the property at 244 LeMarchant Road.
- A consultant has been engaged to do the design work for the redevelopment of the former Museum Building on Duckworth Street into office space.
- The Higgins Line facility previously leased to xwave is being converted to house staff of the Office of the Chief Information Officer.
- Pre-demolition environmental remediation of the remainder of the Grace Hospital has commenced.
- A broker has been engaged for the sale of the former Janeway properties.

Goal 1.2: ***By 2008, the Department of Transportation and Works will have reduced the overall square meters per employee of leased office accommodations.***

Objective 1.2.1:
By March 31, 2007 the Department of Transportation and Works will have developed a policy for office accommodations and initiated action to have space in government buildings reconfigured for reuse.

Measures: Developed policy; Initiated action

Indicators: Policy document
Square meters redeveloped

In order to meet our objective for 2006-07, over the past year the Department has achieved the following accomplishments:

- The Department has developed and issued a standard for office accommodation which is being used in conjunction with space allocation in support of Government's program delivery functional requirements.
- The new standard has been applied to space planning developments in government-owned and leased buildings for the past year, accruing more efficient utilization and lower employee densities, consistent with current practice in other government jurisdictions.
- One particular achievement involved the reconfiguration of 4,449 square meters on the second floor of the Confederation Building West Block, which resulted in 100 additional employees being accommodated on that floor. This corresponds to a significant cost avoidance, as opposed to acquiring leased accommodations to accommodate these staff.

2. Improved Transportation Infrastructure

Investment in infrastructure is one of the most effective ways governments can stimulate job creation in the short-term and support a more productive and competitive economy over the long-term. Infrastructure improvements assist businesses to be more productive, boost trade and tourism, and contribute to a higher quality of life. The Department recognizes the vital importance of all modes of transportation to the economic and social development of the province and is committed to making improvements to meet the needs of the residents of Newfoundland and Labrador.

Goal 2.1: ***By 2008, the Department of Transportation and Works will have improved road and bridge infrastructure.***

Objective 2.1.1:
By March 31, 2007 the Department of Transportation and Works will have initiated the improvement of road and bridge infrastructure.

Measure: Improved road and bridge infrastructure

Indicators: Roads and bridges in need of rehabilitation are identified
Number of kilometers of gravel roads paved
Number of bridges rehabilitated
Kilometres of paved roads age 20 years or greater resurfaced

In order to meet our objective for 2006-07, over the past year the Department has achieved the following accomplishments:

- Annual review completed to identify and prioritize roads and bridges in need of rehabilitation.
- During 2006-07, the Province invested $66 million in the Provincial Roads Improvement Program, more than doubling our investment since 2004-05.
- An additional $24 million was invested to continue construction of Phase III of the Trans Labrador Highway.
- $24 million was invested into the rehabilitation and restoration of highway and bridge infrastructure along the Trans Canada Highway through a cost-sharing agreement with the federal government.
- Through these commitments, the Department was successful during 2006-07 in:
  - Paving 34.5 kilometres of gravel road,
  - Resurfacing 337 kilometres of paved road,
  - Improving the surface on 37 kilometres of Phase I of the Trans Labrador Highway through the supply and application of granular material, and
  - Rehabilitating 23 bridges, replacing 6 bridges, and removing one.

- In December 2006 Government also pre-committed $60 million in the 2007-08 Budget for the Provincial Roads Program to ensure that contractors have the advantage of a full construction season, resulting in more projects being completed in the year they are budgeted.

Junction Brook Bridge, Trans Canada Highway, East of Deer Lake

3. Modernization of Heavy Equipment Fleet

The residents of Newfoundland and Labrador rely on Government's fleet of over 600 heavy equipment vehicles to maintain the provincial road system. A modern and reliable fleet is vital for the summer and winter maintenance (snow-clearing and ice control) of over 9,400 kilometres of primary and secondary highways and community access roads across the province.

Goal 3.1: ***By 2008, the Department of Transportation and Works will have reduced the number of pieces of equipment that are older than 10 years.***

Objective 3.1.1:
By March 31, 2007 the Department will have replaced 10 percent of its heavy equipment.

Measures: 10 percent of equipment replaced; Reduction in down-time

Indicators: Number of trucks replaced
Number of other heavy equipment replaced
Percentage of equipment available for use has increased
Replacement cost for parts has decreased

In order to meet our objective for 2006-07, over the past year the Department has achieved the following accomplishments:

- To facilitate improvements in our provincial snow-clearing operations and enable the Department to provide a more reliable service to the public, Government invested $9.5 million during 2006-07 to purchase new heavy vehicles and continues to invest $45 million annually on summer and winter maintenance (snow-clearing and ice control).
- During 2006-07, of the 603 pieces of heavy equipment in the fleet, 53 new pieces were purchased - facilitating the removal of 47 pieces of older equipment from the fleet. This represents replacing just under 9 percent of the total fleet.
    - The purchase price of equipment increased by approximately three percent this year, translating into approximately $300,000. In addition, the Department purchased a new paint truck at a cost of $350,000 to improve the efficiency of the line painting program, which was an addition to the fleet. Had it not been for inflation and the need to add to the fleet, the Department is confident it could have met its objective.
- On March 31, 2006 there were 376 pieces of heavy equipment in the Government fleet older than 10 years and this was reduced to 340 by March 31, 2007.
- Over the past two years, the Department has been successful at maintaining 86 percent of its heavy equipment available for use.
- The replacement costs for parts increased slightly this year due to the large number of pieces of older equipment still in the fleet but the Department anticipates that this will decrease as more new equipment is purchased.

4. Vessel Replacement

Due to Newfoundland and Labrador's vast and sparsely populated geography and a history of coastal settlement, many residents of the province rely on the provincial ferry system to move both people and goods to and from these coastal communities. The Department of Transportation and Works is responsible for the management of 16 ferry services for marine operations throughout the province, involving 19 owned or contracted vessels. Government is committed to reviewing the current complement of vessels and moving towards more modern ships to meet the current and future needs of the province.

Goal 4.1: ***By 2008, the Department of Transportation and Works will have initiated the construction of two ferry vessels.***

Objective 4.1.1:
By March 31, 2007 the Department of Transportation and Works will have an approved strategy and initiated implementation.

Measures: Approved strategy; Implementation Initiated

Indicators: Strategy document approved
Design completed on two ferry vessels
Tenders invited for construction

In order to meet our objective for 2006-07, over the past year the Department has achieved the following accomplishments:

- While BMT Fleet Technology's report was released in the Fall of 2006, Government felt that it was necessary to consult with key stakeholders on BMT's recommendations prior to finalizing its plans for the provincial ferry service. Consultations were scheduled for April 2007.
- Meanwhile Government has decided to move forward with the design and construction of two new ferry vessels. A contract was awarded for the design of these vessels in October 2006 and in February 2007 an Expression of Interest was issued to potential Newfoundland and Labrador ship builders to indicate their interest in building these new ferries.
- Lloyd's Register of Shipping has been retained to conduct an assessment of the capability of the interested parties to construct the vessels to standard and the tender will be issued to qualifying proponents upon receipt of their review.

5. Long-Term Multimodal Transportation Plans for the Province

In keeping with the Department's Vision of a *sustainable public works and transportation infrastructure that meets the economic and social needs of the province*, it is vital that all of our infrastructure investments are smart investments. We must develop long-term plans based on careful consideration of important issues like: changing demographics; patterns of economic growth and opportunity; and, innovative approaches to financing, building and operations. Once such long-term plans are developed, the Province will be better positioned to advocate to the federal government for long-term financial commitments. It will also allow for long-term prioritization and allocation of our limited provincial fiscal resources.

Goal 5.1: ***By 2008, the Department of Transportation and Works will have developed a long-term transportation plan for Labrador.***

Objective 5.1.1:
By March 31, 2007 the Department of Transportation and Works will have drafted a long-term transportation plan for Labrador and identified short-term priorities.

Measures: Developed long-term transportation plan for Labrador;
Short-term priorities identified

Indicators: Minister's Advisory Committee
Discussion document(s) released
Stakeholder consultations initiated
Draft plan prepared
Contract decisions on existing ferry services
Provincial decisions made on regional airport for South Coast
Decisions made on the type of surface for the Trans Labrador Highway
Ferry rates reviewed

In order to meet our objective for 2006-07, over the past year the Department has achieved the following accomplishments:

- In February 2006 Government announced the Minister's Advisory Committee on Labrador Transportation, whose mandate is to provide Government with a thorough understanding of the unique issues relating to transportation in Labrador from a resident's perspective. This committee has met three times to date.
- *The Development of a Sustainable Transportation Plan for Labrador: Consultation Document* was released to the public for feedback in November 2006.
- Ten key-stakeholder consultations were conducted throughout Labrador from November to January. Over 100 people provided input either through attending a session or providing written submissions to the process.
- A sustainable transportation plan is being developed by the Department for release over the coming months.
- The Department is currently developing a tender for the Labrador Straits ferry service which will be released in the coming months. The current contract for the coastal Labrador service will be extended until Phase III of the Trans Labrador Highway is completed.
- Cabinet has directed the Department to begin negotiations with the federal government to upgrade the Port Hope Simpson airstrip to a regional airport.
- A decision on the type of surface for the Trans Labrador Highway will be finalized in conjunction with planning for the 2008 construction season.
- In March 2007 Government announced that they were reducing passenger and vehicle-plus-driver fares on provincial ferries to bring them in line with road equivalency costs. To implement this, Government invested $1.5 million, effective April 1, 2007.

Goal 5.2: ***By 2008, the Department of Transportation and Works will have developed a long-term transportation plan for the island portion of the province.***

Objective 5.2.1:
By March 31, 2007 the Department of Transportation and Works will have identified short-term priorities for the island portion of the province.

Measure: Identified short-term priorities

Indicators: Ferry rates reviewed
Road classification review completed
Priority projects identified

In order to meet our objective for 2006-07, over the past year the Department has achieved the following accomplishments:

- In March 2007 Government announced that they were reducing passenger and vehicle-plus-driver fares on provincial ferries to bring them in line with road equivalency costs. To implement this, Government invested $1.5 million, effective April 1, 2007.
- The Department's road classification review was completed in Spring 2006.
- In keeping with Government's commitment to identify priority projects well in advance of the construction season in order to allow for a full season of work to be completed, the first roads project for Summer 2007 was announced on February 13, 2007.

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OPPORTUNITIES AND CHALLENGES AHEAD

TRANSPORTATION AND WORKS INFRASTRUCTURE

Over the last few years significant strides have been made in updating and improving our transportation and works infrastructure. From investing significant new money into rehabilitation of our roads, to beginning the process to replace ferries and taking decisions to dispose of unused and unsuitable buildings, improvements in infrastructure are happening. None the less, there is still a considerable amount of work to be done.

To continue with these improvements to our transportation and works infrastructure, in the coming years, the Department will:

- Move forward with the design and construction of the first two new ferries for our marine fleet. In addition, we will develop a strategy to address the needs of the balance of the fleet.
- Continue with the rehabilitation of our roads; working within our eight-year plan which allocates unprecedented levels of funding to carry out the work.
- Continue to invest wisely in the rehabilitation of our building needs by disposing of unused and unsuitable structures and by choosing the right mix of owned and leased accommodations.
- Continue to work with the federal government to secure long-term sustainable funding to assist with the ongoing development and management of the transportation needs of the people of Newfoundland and Labrador.
- Continue to liaise with our provincial, territorial, and federal counterparts to share ideas and best practices in transportation and works.

RECRUITMENT AND RETENTION OF STAFF

The Department of Transportation and Works continues to face significant demographic challenges associated with our province's aging workforce along with the reality of employees exiting for opportunities elsewhere. Staff retention and recruitment continues to be a high priority in the strategic human resource planning processes of the Department. Over the past year, the Department has developed and implemented a Workforce Plan that will help ensure that this Department delivers high quality service to both our internal and external clients. It is through this comprehensive workforce planning process that the Department will be able to respond to challenges in the recruitment and retention of staff.

The Department, through the workforce planning process, has established goals and action plans that will assist in our efforts to recruit and retain employees. Our current employees are highly talented with valuable training and experience and we will continue to invest in the training and education of our current pool of

talent. We will ensure that best practices are considered when developing our recruitment, employee development, and retention plans. We will also continue to foster an environment that includes a participative approach to employer/employee relations.

The Department has been successful in providing ongoing executive and management development activities in order to strengthen our leadership teams. Our positive working environment is another asset that will be of great value in retaining valued employees.

The Department's workforce planning process has enabled the Department to gain reliable information on labour market shortages. Through the development of a Workforce Plan, the Department has identified positions which are 'hard-to-fill' or are anticipated to create challenges in attracting qualified candidates. The Workforce Plan has provided the Department with a number of strategies for attracting, developing and retaining a workforce with the right level and mix of employee skills and abilities to accomplish the goals and objectives of the Department. These strategies will enable the Department to address competency gaps through initiatives such as succession planning. New programs and strategies are also being implemented to help us deal with increasing competition at both the national and international level.

Through its workforce planning efforts, the Department is committed to:

- Determining the human resource requirements for organizational success;
- Providing a foundation for recruitment, and a framework for staff training and development;
- Assisting employees in bridging knowledge gaps;
- Ensuring that there are sufficient resources available to fill important and critical vacancies;
- Investing its fiscal resources to improve employee productivity, learning, and leadership development; and
- Sharing knowledge and information about best practices in human resource management strategy.

To ensure a safe, efficient and sustainable transportation system, and to meet the needs of the public sector for accommodations, public building facilities, and support services, the Department strives to attract and retain a highly qualified and competent workforce. Through our ongoing trend analysis and implementation of workforce planning strategies, the Department is working to position itself to meet the challenges in recruiting and retaining its workforce.

SUSTAINABLE ROADS TRANSPORTATION FUNDING

The Province has for the last couple of years increased the level of funding it provides to maintain our provincial road network. This year's investment reached a historic high of $66 million. And the provincial government, through its general infrastructure strategy, is committed to this level of funding for the long term.

In addition to our provincial roads, the federal government cost shares with us capital work on the National Highway System. Along with other provinces and territories we have been encouraging the federal government to support the concept of sustainable and predictable long-term funding for the National Highway System. Discussions continued throughout the year, resulting in the announcement of new programs directed toward achieving these goals. Details of the programs are forthcoming in the next fiscal year.

As the necessary improvements to the National Highway System are beyond the Province's fiscal capacity and the needs of the provincial road system remain significant. The Department will:

- Continue to work with other provinces and territories to negotiate with the Federal Department of Transportation, Infrastructure and Communities for cost-shared funding which is sustainable, predictable and committed to on a long-term basis.
- Continue to utilize the new provincial funding levels to provide a safe driving experience for travellers on our provincial road system.

Pinware River Bridge, Labrador

THE PLAN AHEAD: 2007-08

1. Improved Space Utilization

Goal 1.1: ***By 2008, the Department of Transportation and Works will have reduced the amount of vacant government buildings.***

Objective 1.1.2:
By March 31, 2008 the Department of Transportation and Works will have reduced the amount of vacant government buildings

Measure: Reduced vacant government buildings

Indicator: Amount of vacant government buildings reused, disposed or demolished (as measured in square meters).

Goal 1.2: ***By 2008, the Department of Transportation and Works will have reduced the overall square meters per employee of leased office accommodations.***

Objective 1.2.2:
By March 31, 2008 the Department of Transportation and Works will have reduced Government's reliance on leased accommodations.

Measure: Reduced leased office space per employee

Indicator: Amount of office properties leased per employee is decreased (measured in square meters per employee).

2. Improved Transportation Infrastructure

Goal 2.1: ***By 2008, the Department of Transportation and Works will have improved road and bridge infrastructure.***

Objective 2.1.2:
By March 31, 2008 the Department of Transportation and Works will have improved road and bridge infrastructure.

Measure: Improved road and bridge infrastructure

Indicators: Number of bridges 40 years or greater is decreased
Amount of pothole patching required is decreased
Number of kilometers of gravel roads paved
Number of bridges rehabilitated
Kilometers of paved roads 20 years or greater resurfaced

3. Modernization of Heavy Equipment Fleet

Goal 3.1: ***By 2008, the Department of Transportation and Works will have reduced the number of pieces of equipment that are older than 10 years.***

Objective 3.1.2:
By March 31, 2008 the Department of Transportation and Works will have replaced 20 percent of its heavy equipment.

Measure 1: 20 percent of heavy equipment replaced

Indicators: Number of trucks replaced
Number of other heavy equipment replaced

Measure 2: Reduction in down-time

Indicators: Percentage of equipment available for use has increased
Replacement cost for parts has decreased

4. Vessel Replacement

Goal 4.1: ***By 2008, the Department of Transportation and Works will have initiated the construction of two ferry vessels.***

Objective 4.1.2:
By March 31, 2008 the Department of Transportation and Works will have initiated the construction of two ferry vessels.

Measure: Construction Initiated

Indicator: Tender awarded for design

5. Long-Term Multimodal Transportation Policies for the Province

Goal 5.1: ***By 2008, the Department of Transportation and Works will have developed a long-term transportation plan for Labrador.***

Objective 5.1.2:
By March 31, 2008 the Department of Transportation and Works will have developed a long-term transportation plan for Labrador.

Measure: Completed plan

Indicator: Plan in place with goals and objectives

Goal 5.2: ***By 2008, the Department of Transportation and Works will have developed a long-term transportation plan for the island portion of the province.***

Objective 5.2.2:
By March 31, 2008 the Department will have drafted a long-term transportation plan for the island portion of the province.

Measure: Drafted long-term plan for the island portion of the province

Indicators: Discussion document(s) released
Stakeholder consultations initiated
Draft plan prepared

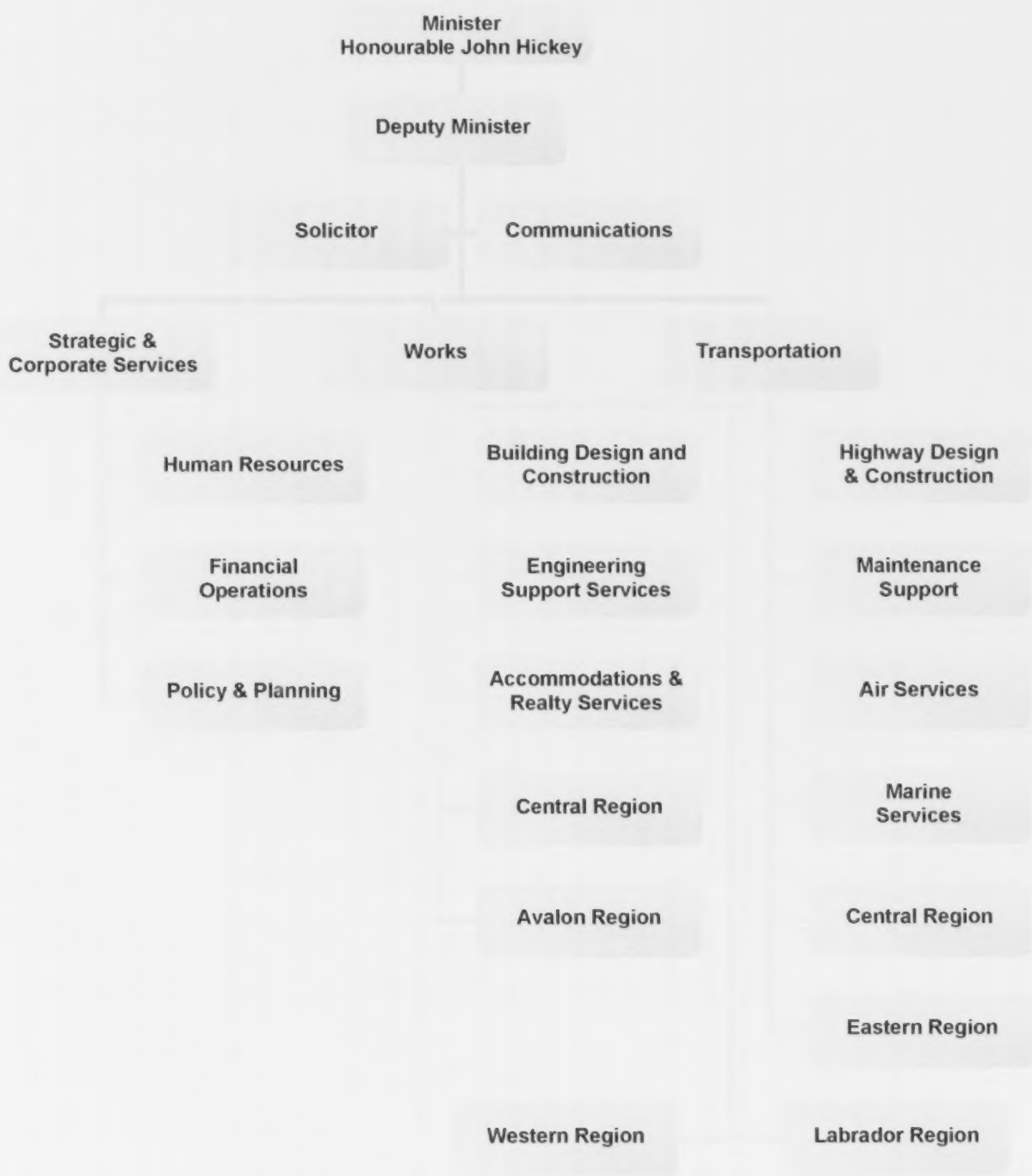
FINANCIAL STATEMENTS

Summary of Expenditure and Related Revenue (unaudited)
For the year ending March 31, 2007

		Estimates	
	Actual	Amended	Original
Executive and Support Services			
Minister's Office	$264,185	$279,800	$244,800
General Administration	$7,066,462	$8,394,300	$9,009,300
Less Revenue	($654,989)	($825,000)	($825,000)
Maintenance of Roads and Buildings			
Road Maintenance	$53,781,941	$54,358,700	$52,103,300
Less Revenue	($2,745,044)	($2,715,000)	($2,715,000)
Building Maintenance Operations and Accommodations	$39,936,849	$41,025,400	$41,088,600
Less Revenue	($1,266,260)	($930,000)	($930,000)
Equipment Maintenance	$34,182,852	$34,813,500	$32,143,000
Less Revenue	($136,976)	($475,000)	($475,000)
Construction of Roads and Buildings			
Administration and Support	$2,658,536	$2,692,600	$2,661,600
Road Construction	$118,543,391	$142,314,500	$146,499,500
Less Revenue	($6,983,530)	($21,400,000)	($21,400,000)
Building Construction	$14,348,940	$17,395,000	$19,150,000
Less Revenue	($644,724)	($75,000)	($75,000)
Transportation Services			
Air Support	$2,824,808	$3,091,600	$2,799,600
Less Revenue	($555,331)	($1,777,000)	($1,777,000)
Marine Operations	$58,722,565	$64,427,200	$62,518,600
Less Revenue	($19,815,159)	($18,253,000)	($18,253,000)
Air Services	$10,515,131	$10,643,500	$11,092,800
Less Revenue	($2,111,678)	($3,030,000)	($3,030,000)
Total Expenditure	**$342,845,660**	**$379,436,100**	**$379,311,100**
Total Related Revenue	**($34,913,691)**	**($49,480,000)**	**($49,480,000)**

Note: *Expenditure and revenue figures included in this document are based on public information provided in the Report on the Program Expenditures and Revenues of the Consolidated Revenue Fund for Fiscal Year Ended March 31, 2007.*

APPENDIX A: ORGANIZATIONAL CHART



APPENDIX B: CONTACT INFORMATION

Corporate Headquarters
Department of Transportation and Works
West Block, Confederation Complex
PO Box 8700
St. John's, NL A1B 4J6
Phone: 709-729-2300
Fax: 709-729-4658

E-Mail: twminister@gov.nl.ca

Website: www.tw.gov.nl.ca

Avalon Region (*Works*)
West Block, Confederation Complex
PO Box 8700
St. John's, NL A1B 4J6
Phone: 709-729-3362
Fax: 709-729-0036
(*Note: Covers the Avalon Peninsula*)

Avalon Region (*Transportation*)
White Hills
PO Box 21301
St. John's, NL A1A 5G6
Phone: 709-729-2382
Fax: 709-729-0219

Eastern Region (*Transportation*)
3 Duffitt Place
Clarenville, NL A5A 1E9
Phone: 709-466-4120
Fax: 709-466-3927

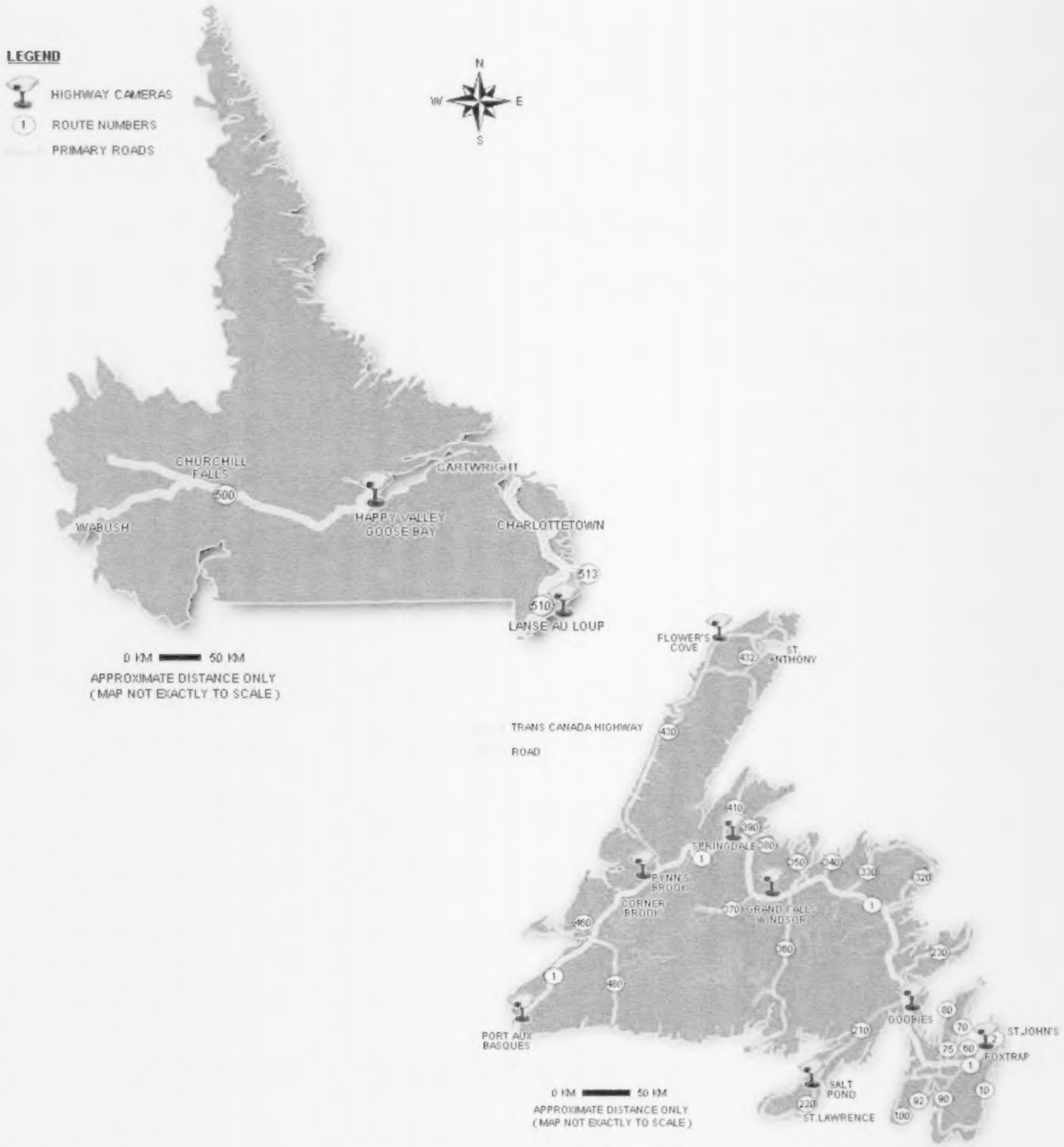
Central Region (Works)
McCurdy Complex
PO Box 2222
Gander, NL A1V 2N9
Phone: 709-256-1000
Fax: 709-256-1013

Central Region (Transportation)
Transportation Depot
Duggan's Road
Grand Falls-Windsor, NL A2A 2J3
Phone: 709-292-4300
Fax: 709-292-4364

Western Region (Works & Transportation)
74 Old Bonne Bay Road
Deer Lake, NL A8H 3H4
Phone: 709-635-4127
Fax: 709-635-2549

Labrador Region (Works & Transportation)
PO Box 3014, Stn "B"
Happy Valley-Goose Bay, Labrador A0P 1E0
Phone: 709-896-7840
Fax: 709-896-5513

APPENDIX C: PROVINCIAL HIGHWAY ROUTE NUMBERS AND CAMERA LOCATIONS



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for double-sided printing

Newfoundland
Labrador

Contact Information

Department of Transportation and Works
P.O. Box 8700
St. John's, NL A1B 4J6
Telephone: (709) 729-2300
E-Mail: twminister@gov.nl.ca

www.tw.gov.nl.ca/publications